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To: Regional Planning Committee

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Subject: *People, Places, and Prosperity* Report

ABAG has produced the *People, Places, and Prosperity* report to provide context for the regional dialogue that is under way as part of development of *Plan Bay Area 2040*—a scheduled update to the plan adopted in 2013. This report highlights the activities ABAG has undertaken in partnership with local governments, regional agencies, business groups, community organizations, and other stakeholders to advance implementation of the land use pattern in *Plan Bay Area*. These implementation efforts have focused on supporting economic vitality, promoting “complete communities” in PDAs, fostering a more resilient region, and encouraging preservation of PCAs.

People, Places, and Prosperity provides a more comprehensive and in-depth look at the ways in which economic, housing, and environmental issues relate to one another and how they are currently affecting local communities and the region as a whole. While transportation strategies and investments will, of course, be critical to achieving the goals outlined in *Plan Bay Area*, this report primarily focuses on the challenges and opportunities related to land uses in the region.

The report consists of an introduction; four sections discussing the major issues and trends facing the Bay Area related to the economy, housing, local communities, and natural assets; and a brief conclusion. The objectives put forth in this report highlight actions to promote regional economic vitality and shared prosperity, increase housing choices and affordability, build healthy and resilient communities, protect and enhance the Bay Area’s natural assets. ABAG staff hopes the ideas and information in this report will contribute to the *Plan Bay Area 2040* discussions about how we, as a region, prioritize the actions needed to protect and enhance our quality of life and achieve our goals for a more prosperous and sustainable region.

Section 1: Promote Regional Economic Vitality and Shared Prosperity

Although the Bay Area has an enviable economy, sustaining economic vitality—and expanding the number of people who experience that vitality—should be a priority for the

region. The Bay Area economy has made a decisive recovery from the effects of the Great Recession and is poised for expansion. However, the share of employment in middle-wage jobs is shrinking, and one of the key questions for the Bay Area's future is how the region's rising economic tide can provide more opportunities for low- and moderate-income households.

A major challenge to economic prosperity in the Bay Area is the lack of affordable homes in the region, which makes it difficult for businesses to attract and retain workers. While adding homes is essential to economic vitality, land use plans should also include space for all of the activities that are a part of the regional economy—especially industrial space for production, distribution, and repair as well as the facilities necessary to move materials and supplies throughout the region.

There are also a number of steps that governments—whether state, regional, or local—can take to support a healthy business climate and promote job growth. This includes potential changes to State tax policies to better support infill development as well as efforts to streamline regulatory processes to support business attraction and retention.

Investment in the Bay Area's aging infrastructure systems are necessary to return the infrastructure to a state of good repair, support job growth, and increase the region's resilience to natural disasters. A key challenge for the region is to identify potential funding sources for these investments.

Section 2: Increase Housing Choices and Affordability

The Bay Area is facing a chronic and acute housing affordability problem. Our region consistently ranks as one of the most expensive housing markets in the United States—in part, because of its economic vitality and high quality of life and, in part, because the number of new homes added over the last several decades has not matched the number of new jobs. The high cost of housing puts stress on households and can displace some from their homes, threatens economic competitiveness, contributes to traffic congestion as people commute longer distances between available jobs and homes they can afford, and encourages conversion of open space and agricultural land to housing.

Structural changes in the economy mean the shares of high wage and low wage jobs are expected to increase, while the share of middle-wage jobs decreases—which will likely lead to an increased need for affordable and workforce housing. To address this challenge, the region needs tools and funding to produce more affordable homes and preserve the ones that already exist, while also protecting people from being displaced from their current homes.

Over the next several decades, the region's population is expected to become older and more diverse. The Bay Area should prepare for the evolving housing preferences of a changing population. A greater variety of housing types, such as apartments, condominiums, and townhouses, is needed to meet the housing needs of people at all

stages of life. We should also take steps to increase the region's resilience to natural disasters by reducing development in hazard areas, protecting homes with retrofits and increased building standards, and planning for what happens to affordable housing after a disaster.

Section 3: Build Healthy and Resilient Communities

Much of the growth forecast in *Plan Bay Area* will be in PDAs in the largest cities and along major transportation corridors. The major investments in *Plan Bay Area* and ABAG's efforts to implement the long-range regional land use strategy are directed to PDAs to support local communities' efforts to develop complete communities.

The essence of the complete communities envisioned in these areas encompasses both their physical attributes and social health, which both contribute to a community's resilience. Taking proactive steps to decrease potential disruptions caused by a natural disaster and to prepare for the process of recovering and rebuilding communities can make communities stronger today and help them stay intact in a stressful post-disaster environment.

The specific vision for how each PDA might develop differs based on the local context and the community's needs and aspirations. At the same time, neighboring communities often face the same challenges and opportunities for meeting the long-term needs of residents and businesses. Collaboration is essential to ensure that local decisions are coordinated and that actions will maximize the potential benefits for the local community and the region as a whole.

The spaces we encounter in our daily lives—the streets, buildings, parks, and stores—influence our health, happiness, and productivity. Paying attention to what a place feels like to residents, employees, and visitors when adding new homes and jobs helps promote the long-term health of the neighborhood by fostering a stronger sense of community identity and encouraging residents to develop stronger relationships with neighbors. Communities can also improve public health and increase neighborhood resilience by taking steps to reduce the impacts of air pollution and the risks of flooding and water pollution from stormwater runoff.

Ensuring the Bay Area will have sufficient water and energy to meet our existing and future demand is also critical to preserving the region's quality of life, economic vitality, and environmental sustainability. To be a more resilient region, we have to reduce water and energy consumption, diversify our sources for these critical resources, and manage them better.

Section 4: Protect and Enhance the Region's Natural Assets

The Bay Area's identity is largely defined by its stunning parks, open spaces, and natural landscapes—particularly the San Francisco Bay and Estuary. The region's estuary, open spaces, farmland, parks, and trails are vital to the Bay Area's quality of life, robust economy,

and sustainability. The Bay Area has been remarkably successful in preserving its iconic landscapes, but there are still important natural assets in the region that are under threat of development, and we should continue to look for opportunities to preserve them.

There is also a growing understanding that restricting areas from development is not enough to truly protect our environment. Embracing new growth that is more focused and efficient helps protect open spaces and agricultural lands from being converted to urban uses and is essential to our ability to protect the natural assets we love. There is also growing recognition that preserving and restoring natural resources, particularly tidal marshes, supports the health of the Estuary while also protecting communities from flooding from sea level rise.

The inclusion of both Priority Conservation Areas (PCAs) and Priority Development Areas (PDAs) in *Plan Bay Area* reflects the integral relationship between resource protection and more compact growth. In 2015, the PCA program was updated to recognize the role of different kinds of PCAs in supporting the vitality of the region's natural systems, rural economy, and human health. These designations highlight the ways in which PCAs and natural areas relate to developed areas for the region as a whole and for local communities.

Communities are also considering how to better integrate open spaces, trails, and parks into developed areas. The Bay Area's trail systems connect communities, function as alternative commute corridors, and promote health by enabling residents to get outside and play. Access to parks and playgrounds, as well as open spaces, are essential components of a complete community and contribute greatly to residents' quality of life. A primary challenge is identifying funding sources to pay the capital and maintenance costs for both new and existing parks. It is also important to consider strategies to increase access to parks and natural areas by public transit.